



STATE BOARD OF EQUALIZATION

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Executive Secretary
No. 79/210

December 11, 1979

TO COUNTY ASSESSORS:

REVISIONS TO OPEN-SPACE STATUTES

On September 27, 1979, the Governor approved Assembly Bill 581, Chapter 1075. This act modifies Revenue and Taxation Code, Section 423, relating to the valuation of open-space land subject to an enforceable restriction, and Section 16140 of the Government Code regarding subvention payments. This bill is an urgency measure, and the property tax provisions are effective immediately and apply to the 1979-80 assessment roll.

This act provides an optional valuation method for those parcels of open-space land assessed under Section 423 of the Revenue and Taxation Code. The prescribed method is not applicable to other types of restricted properties whose valuation procedures are specified in other code sections such as wildlife habitat, timber, and historical properties.

The major provisions of the act applicable to the valuation of open-space properties are as follows:

- (1) The assessor must annually notify the parties to an instrument which creates an enforceable restriction that, unless either party expressly prohibits such a valuation comparison, the restricted value cannot exceed the value derived under Section 110.1 of the Revenue and Taxation Code as though the property was not subject to an enforceable restriction in the base year. If the appropriate government agency takes action to prohibit the valuation comparison, in our opinion, the assessor should notify the other party to the contract that the comparison will not be made and the restricted value will be enrolled.
- (2) If neither party objects, the assessor must annually compare the current restricted value (determined via the income method prescribed for open-space properties) with the value calculated under Section 110.1 of the Revenue and Taxation Code as though such property was not subject to an enforceable restriction in the base year (the factored base year market value). The value that is enrolled is the lesser of these two values.

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- (3) The county may charge a reasonable fee, not to exceed \$20 per parcel, for determining the 1975 base year value pursuant to Section 110.1 of the Revenue and Taxation Code.

This act also amends Section 16140 of the Government Code and limits subvention payments by the state to those parcels where the open-space restricted value is less than the value that would have resulted if the valuation of the property was made pursuant to Section 110.1 of the Revenue and Taxation Code as though the property were not subject to an enforceable restriction in the base year. This provision is applicable whether or not the valuation option is exercised. Because of the extreme time restraints placed upon 1979 subvention reporting, we recommend that assessors use a "bench mark" approach in making the required comparison for 1979. Base year market values can be determined for representative properties of each type (range, row crop, etc.). A close correlation between the base year market and restricted values of the representative properties would indicate the need for a comparison for all properties of that type. Although properties within one type may have various base years, the closest correlation should occur in those properties with 1975 base years. The value comparison should be made on the basis of the appraisal unit rather than individual parcels.

Please refer procedural questions to John McCoy or Lee Gilmore of this division, telephone number (916) 445-4982. Questions concerning subventions should be directed to Jerry Bacigalupi, Department of Conservation, telephone number (916) 445-8733.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:ebv